

## ANIMAL FATS AND OILS

### CONVERSION FACTOR AND PAYMENT FORMULA

All animal fats and oils and recycled oils used for biodiesel production will be treated as yellow grease for conversion factor and payment calculations under the Bioenergy Program (Program). The conversion factor will be 7.7 pounds of yellow grease per gallon of biodiesel produced.

**Formula:** 
$$(((\text{Increased eligible gallons of bioenergy produced} \times \text{gallon conversion factor}) \div \text{payment rate}) \times \text{per unit value}) \times \text{payment factor} = \text{payment}$$

**Example:** The calculation for a 1,000 gallon increase in biodiesel from animal fats and oils (gallon conversion factor = 7.7) by a producer who produces less than 65 million gallons annually (payment rate = 2.5) when relevant per unit value is \$.075 per pound and the payment factor is 0.75 for the applicable FY would be: 
$$(((1,000 \times 7.7) \div 2.5) \times \$0.075) \times .75 = \$173.25$$

The per unit value for yellow grease will be obtained from the USDA's Weekly National Carlot Meat Report, Tallow and Protein FOB Central U.S.'s published Inedible Tallow/Grease, Yellow Grease (truck) weekly weighted average price for the last full week of the FY quarter in which production occurred. A link to the USDA's Weekly National Carlot Meat Report will be added to our website at [www.fsa.usda.gov/daco/bio\\_daco.htm](http://www.fsa.usda.gov/daco/bio_daco.htm).